

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS**



Public Hearing
On
Bill 23-91, the “Department of Buildings Establishment Act of 2019,” and
the Office of Inspector General Prospective Evaluation of Bill 23-91
and Evaluation of DCRA Business Processes

Testimony of
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Before the
Committee of the Whole
Chairman Phil Mendelson

John A Wilson Building
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Washington, DC 20004

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Good morning, Chairman Mendelson, councilmembers, and staff. I am Ernest Chrappah, the Director of the Department of Consumer and Regulatory Affairs (DCRA). I am here today to testify on Bill 23-91, the “Department of Buildings Establishment Act of 2019,” and the Office of Inspector General’s (OIG) Prospective Evaluation of Bill 23-91 and Evaluation of DCRA’s Business Processes.

Broadly speaking, Bill 23-91 creates a new Department of Buildings (DOB) which would be responsible for the administration and enforcement of construction compliance, rental housing safety, and residential property maintenance activities. DCRA would be redesignated as the Department of Licensing and Consumer Protection (DLCP). My goal today is to explain why the Executive continues to strongly oppose this bill and why we believe that if enacted, the provisions of this bill would hinder the very real progress the agency is starting to achieve, while spending unnecessary additional taxpayer dollars. My testimony will build upon the testimony presented by the City Administrator in April 2018 regarding this bill.

In terms of the Office of the Inspector General’s report on the evaluation of internal controls at DCRA, we believe that the report takes a critical tone, without acknowledging the progress that is being made by the agency. Although the report does not give credit to the work that my team has done in such a very short period of time, we assure everyone that DCRA is committed to the highest standards of ethics and control. My testimony will outline some of the key improvements that the agency has made that were overlooked by the OIG report. We are also pleased to say that most of the recommendations outlined in the report are either completed, in-progress, or scheduled to begin. In fact, many were underway at the time the consultants visited our office last summer.

When I became the Director of DCRA approximately one year ago, I knew that a bold transformation was needed on an aggressive timeline. As you will see from my testimony, our goal is to effectively serve the residents and businesses of our city in the areas of consumer protection, business licensing and regulation, and building permitting and enforcement. With this in mind, we launched Vision 2020, our 19-point strategic plan for reforming the agency by the end of the 2020 calendar year. The plan is now well underway with 14 components already completed and the rest actively being worked on right now. Chairman, we invite you and the public to learn more about the details of our strategic plan at dcra.vision2020.com.

Broadly speaking, the reforms being completed as part of the Vision 2020 plan fall into four categories: (1) improving responsiveness; (2) enhancing transparency and accountability; (3) innovating to become more efficient; and (4) changing our internal culture. We know that our bold vision does not just stop at Vision 2020 and certainly plan to make continuous improvements well beyond the end of the 2020 calendar year. However, coming into the agency I wanted to create real, measurable goals that will frame the progress that the agency will continue to make for years to come. In the first part of my testimony I will highlight some of the important progress we have made thus far.

Reform Progress

Starting with improving DCRA's responsiveness, our first priority was revamping our customer service model. Too often, residents would contact the agency about an issue and never hear back about how and if it was resolved. And if a customer called to follow-up on their request, they would need to re-explain all the details. Under our new customer service model, when a customer contacts DCRA, whether by phone, email, on our website, or via social media, the information is immediately logged into our pilot Customer Relationship Management (CRM)

system. Once entered into the system, the issue is routed to the appropriate division or divisions and resolved within three business days. Our system ensures that issues are being dealt with promptly, provides customers with email updates, and captures the full history of the situation, so that if a customer contacts us to follow-up, whoever receives the call can easily review the case history and be fully up-to-speed, without having to ask the customer to start from square one. From a data analytics standpoint, our new model allows us to better spot patterns and trends, information that can then be used to better inform how we deploy resources. We launched the pilot version of our new system in February, and as of December 2nd, 17,731 cases were created, with all but 49 of them either resolved or closed.

As an additional part of our effort to improve our responsiveness, this past spring we revamped our housing code enforcement process, shrinking the timeline between when a complaint is received and the time an issued infraction is adjudicated. This reduced the number of days from an average of 133 calendar days to 66 days for scheduling an Office of Administrative Hearings hearing. Under the old process, once a complaint was received, an inspection would be scheduled. If violations were found, a warning would be issued, followed by a second inspection, at which point if the violations were still present, a Notice of Infraction would be issued. Now, once a complaint comes in, we contact the property owner via email or phone to let them know what issues have been reported and when an inspection will take place. If the property owner fixes the issues to the satisfaction of their tenants prior to the scheduled inspection, we cancel the inspection. If not, we conduct the inspection and issue any necessary Notices of Infraction. As of December 2, 2019, 219 housing inspections were able to be canceled because the landlord fixed the issue, or issues, to the tenant's satisfaction. Speeding up the abatement timeline is good for tenants, and it frees up our inspectors to do other inspections. This process is in addition to our

proactive inspections program that targets properties that have been problematic in the past. This risk-based model enables us to spot patterns of violations, so that even where a tenant says a problem has been remedied, the property may be flagged for reinspection.

Switching now to transparency and accountability, earlier this year we developed an agency dashboard that can be viewed on our website. Our goal was to show the good and the bad, so that residents can hold us accountable for our performance. For the first time in three years, during the second half of fiscal year 2019, DCRA met or exceeded all 12 of our performance metrics, ranging from permit reviews to inspections. For example, during the last quarter, we met our goal of issuing business licenses within one business day of submission 87.9 percent of the time. As part of our push to be more transparent, there are now more than 62,000 permit applications, permits, and plans available online. Earlier this fall, we also launched a new version of our website, which, as I hope you have had the chance to experience, is much easier to navigate, includes updated and clearer content, is optimized for mobile devices, and includes the digitization of as many forms as possible to save people from having to visit our office.

Under the category of innovating to become more efficient, I am pleased to share that we have accomplished quite a bit. In June, DCRA launched our Resident Inspector Training Program, which trains participants to become vacant building, illegal construction, and housing inspectors. The program aims to allow participants, most of whom are District residents, to earn extra income while helping the agency keep pace with the District's growing demand for inspections in our dynamic economy. Participants who complete our training programs, pass the appropriate certification exams, and commit to adhering to our code of conduct, are able to work as independent contractors. Since launching the program, we have certified 133 inspectors. In the coming months, I expect this number to grow significantly, allowing us to more than double the

inspection capacity we had earlier this year, which will improve our assessments for vacant property taxation rates and provide a more convenient and efficient customer experience for homeowners and businesses. While some in the program are interested in becoming full-time DCRA employees, others are attracted to the flexible schedule the program offers, which allows them to earn extra money after work and on the weekends.

Additionally, as part of our effort to become more efficient, we streamlined our business licensing program to make it easier for people trying to start a business, and have a pathway to the middle class. The idea came from one of the working groups we formed, comprised of stakeholders from across the city. Now, instead of more than 120 license categories, there are 12 consolidated licensing groups.

Another innovation we made was the launch of Project X, a pilot program that utilizes technology to bring plan reviewers, project owners, and design professionals together virtually, to streamline the permit review process. This allows people to get their permits for commercial and residential projects that are less than 10,000 square feet, much more quickly—about 70 days faster on average.

The last category I want to highlight is the investments we are making in our staff to improve the agency's culture. As you know, I am a big proponent of harnessing the power of technology to enhance the services we provide to residents. But at the end of the day, no improvements will succeed without staff who are committed to the agency and passionate about our mission. Culture change is not simply a feel-good catchphrase, it is the linchpin to the agency's overall performance. As part of this work, in September we engaged an experienced firm that is working with our employees to provide a number of services, including training sessions and career counseling. DCRA has also embraced a project management system that requires teams of

employees from across the agency to collaborate on projects. This is all part of our effort to motivate, empower, and instill passion in our employees.

I share all of this with you as evidence that the changes we are making are real, substantial, and measurably working. While each category within Vision 2020 taken individually may seem like a collection of small improvements, when you view our progress as a whole, DCRA is quickly moving in the right direction and will continue to do so with the current agency structure.

Concerns with Bill 23-91

I would like to pivot now to address what we consider to be major problems with Bill 23-91. Separating DCRA into two agencies will create unintended challenges and consequences that are likely to impede the improvements we are now making. From the outset I want to note that the OIG report from Federal Management Systems, Inc. (FMS) did not suggest that breaking up the agency would solve – or even make any progress toward addressing – any issues it identified at DCRA. Additionally, if enacted, Bill 23-91 will demoralize our staff, who have been working hard to achieve the progress that has been made.

Specifically, many of the employees whose work requires collaboration with other divisions within DCRA would, under the bill, be siloed off from each other, impeding the efficient and comprehensive resolution of issues. For example, DCRA employs housing inspectors under its Inspection and Compliance Administration (ICA) and investigators under its Consumer Protection Unit (CPU). Inspectors and investigators perform distinct duties, yet often work hand-in-hand to enforce the housing code and business licensing laws. If an investigator is examining allegations of unlicensed rental or business activity and learns of potential housing code violations, the investigator will refer the matter to a trained housing code inspector to conduct an inspection. Likewise, while conducting a residential inspection, a housing inspector may discover

that the property is not licensed, at which point they would refer the case to one of their investigator colleagues.

While investigators and inspectors have different duties, because they are part of the same agency, use the same systems, and work in close proximity, their collaboration is far easier than it would be if they worked in completely separate agencies. Indeed, over the last several months, we have been focused on breaking down internal divisions by embedding a housing inspector within our consumer protection unit. Along with facilitating the sharing of valuable information, this type of internal collaboration means we only need to coordinate once with tenants, instead of making two separate visits. If this bill were to pass, housing inspectors, along with our zoning division, would be working in a different agency from our consumer protection investigators and business licensing and enforcement division.

This one example demonstrates why the Executive Branch strongly believes the synergies DCRA is able to take advantage of through our current structure positions us far better than a fractured duo of separate agencies ever could. The key is to put the necessary processes, procedures, internal controls, and accountability in place to ensure the current organizational structure works effectively. All of which we are actively making progress on now.

Additionally, the costs of duplicative administrative functions in separate agencies cannot be ignored. By creating two agencies, expensive redundancies relating to IT, operational support, overhead, human resources, community engagement, and legal staff will be created, while opportunities for streamlining will be reduced. As just one example, our enforcement fines for infractions related to business licensing, the housing code, and consumer protection are all processed by one centralized unit. If the agency is split up, this function would have to be

duplicated. It is the view of the Executive that duplication would not be a fiscally responsible use of taxpayer dollars.

Finally, we do not believe that residents will be best served by two separate agencies in lieu of a single, improved agency. Re-educating the public on where they need to go for various services is a cost that cannot be quantified. A goal we all share is to make processes less complicated and confusing for residents and businesses. By creating separate agencies instead of targeted reforms to improve the agency, we muddy the process for District residents. Indeed, residents already express frustration when one agency has to refer them to another agency to complete a government process. This runs counter to the work the Administration is doing to provide “one stop shopping” or wrap-around, convenient services to constituents who need the services of many agencies. As we strive for convenience and simplification, do not force complexity and duplication on us.

Simply put, creating another agency will not solve any problems; it will only create new problems and delay or reverse improvements that are underway. What is going to make a difference for tenants, homeowners, entrepreneurs and businesses is continuing to implement the changes we have been making and are focused on.

Conclusion

Chairman Mendelson and members of the Council, thank you for the opportunity to testify and for allowing me to share the progress DCRA has made as well as provide reasons for the Executive’s opposition to the FMS evaluation, as well as Bill 23-91. I believe we share a common goal: to provide world class consumer and regulatory enforcement services to District residents and businesses. I commit to giving you and the residents of Washington, DC my very best as we work to achieve this goal. I am happy to answer any questions you may have.